



Mr. Leib Poretz
PF Holdings

October 2,
September 22, 2014

RE: Memorandum of Understanding: Terms of Indianapolis Transaction

Dear Leib,

This memorandum of understanding outlines the terms agreed on between PF Holdings (and their affiliates) and Colony Hills Capital regarding the transaction to acquire the 7 property portfolio in Indianapolis, IN. Colony Hills Capital agrees to give PF Holdings exclusive right to pursue this transaction based on the following terms. The following terms are agreed on and binding:

Consideration to Colony Hills Capital:

- 1) \$5,000,000 cash at closing;
- 2) \$5,000 paid monthly throughout hold period;
- 3) 20% of the gross gain in fair market value over the \$85,138,837 purchase price. *and after 12% annual irr.* The purchase price has been allocated across the 7 properties as included in the attached exhibit; The fair market value will be determined by taking an average of the highest 2 out of 3 separate, arm's length appraisals or Broker Opinions of Value. The 3 sources of the appraisals/broker opinions of value will be selected as follows: PF Holdings will select one source, Colony Hills Capital will select one source, the two sources selected by PF Holdings and Colony Hills Capital will agree on the third source. The gain associated with this item will be payable upon the earlier of the sale/transfer of any or all of the assets, or December 31, 2019.

4) *Subject to PF Holdings and Colony Hills Capital working out the \$1,700,000 pre-payment penalty.*

Closing: Shall occur on or before December 31, 2014

Deposit(s): \$500,000 Non-refundable, due by 5pm Monday ~~September 29~~ *October 29*, 2014. If closing does not occur prior to January 1, 2015, additional deposits of \$250,000 monthly shall be due on the First day of each month beginning on January 1, 2015 until the closing occurs.

PF Holdings has exclusive right to this transaction until Wednesday ~~September 24~~ *October 4*, 2014 and will continue to have exclusivity by signing below and adhering to the terms of this document.

Sincerely,

A handwritten signature in black ink, appearing to read "David Kaufman".

David Kaufman

President

Colony Hills Capital

A handwritten signature in black ink, appearing to read "Leib Poretz".

Mr. Leib Poretz, on behalf of,

PF Holdings, et al.

Colony Hills Capital
Indianapolis Portfolio
Purchase Price Allocations

Property	Appraisal	% of Value	Purchase Price	% of Value
Capital Place	\$ 11,500,000	11.7%	\$ 9,919,925	11.7%
Covington Square	\$ 9,000,000	9.1%	\$ 7,763,420	9.1%
Estates at Crystal Bay	\$ 20,100,000	20.4%	\$ 17,338,304	20.4%
Fox Club	\$ 14,300,000	14.5%	\$ 12,335,211	14.5%
Lakeside Pointe	\$ 20,000,000	20.3%	\$ 17,252,044	20.3%
Woodhaven Park	\$ 12,000,000	12.2%	\$ 10,351,226	12.2%
Woods at Oak Crossing	\$ 11,800,000	12.0%	\$ 10,178,706	12.0%
Portfolio Total	\$ 98,700,000	100.0%	\$ 85,138,837	100.0%

Purchase Price

*Assumed Debt Balance at Close \$ 75,038,837

Proceeds above Debt \$ 10,100,000

Total Purchase Price \$ 85,138,837

*Assumes Dec 2014 Closing